

## Key Personnel

### William F. Welsh II Chairman

#### *Summary*

With more than a quarter century's experience in the management of high technology and international concerns, Bill brings an immense wealth of practical knowledge to ES&S.

#### *Responsibilities*

Overall responsibility for Election Systems & Software's domestic and international business development.

#### *Accomplishments & Expertise*

- ò Managed the merger of American Information Systems (AIS) and the election division of BRC Holding. Structured the newly formed ES&S.
- ò Three years as President and CEO of AIS.
- ò Six years as President and CEO of Valmont Industries.
- ò Two years as President and COO of the Industrial & Construction Product Division of Valmont Industries.
- ò Nine years as President of the Electrical Products Division of Valmont Industries.
- ò Five years as a vice president of Hi-Tek Lighting.
- ò Ten years management experience with GE.

#### *Education*

- ò Bachelor of Science, Engineering Physics  
University of Tulsa
- ò MBA, Clemson and Furman Universities

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"When people ask me what our greatest strength is, I always get the impression they're expecting a long-winded recital of our technical know how. While that is impressive, I think I surprise them when I simply say we have the most dependable, most knowledgeable election experts in the industry."

*William F. Welsh II*

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**Committee on House Administration**  
**VOTING MACHINE TECHNOLOGY HEARING**  
Thursday, May 17, 2001

Written Testimony of William F. Welsh II –Chairman  
Election Systems & Software

Members of the House Administration Committee, staff and guests at this hearing, my name is William F. Welsh II – Chairman of Elections Systems & Software, with 7 major locations in the U.S. and its headquarters in Omaha, NE. We are a privately held company whose business is solely the conduct of elections, primarily binding Governmental elections in 49 of the 50 States. Our origins trace back 35 years in this industry and the company is the largest supplier of election automation solutions to State and local government with almost 1600 of the 3146 Counties and almost 60% of the registered voters utilizing our systems. With over 400 full time employees we provide a comprehensive solutions package that includes Optical Scanning systems, Direct Recording Electronic systems (DRE), Election Management Software and Voter Registration Software solutions for local jurisdictions and statewide systems. Additionally, we provide extensive support services including election support, training, ballot and programming services, maintenance services and full service election management.

I would like to take this opportunity to thank Congress for seriously examining this issue to determine what role it should play in the area of Election Reform as a result of our collective frustration over the November 2000 General Election problems and the chaos it caused our Country. We don't have to accept what happened in 2000 as being the best that we can do. State and local government election officials know exactly what to do to avoid the kinds of issues that the Presidential race brought to the surface and we, as suppliers to the industry know as well. The fundamental truth in our industry is that funds for modern election technology have not had a high priority. When you look at making capital investments in modern election technology for elections that may occur only several times a year, it just does not resonate at the State and local level. When looking at budgeting priorities, local officials often have to make tough decisions that often leave election modernization at the bottom of the budgeting pile. In those situations, Road Graders and Snow Plows will win every time. The largest impediment to modern election systems is **money** not technology. The vendor displays of their technologies over the last two days ought to convince anyone that the election industry is not a vast technological wasteland as some might think. We have solutions that effectively address most of the issues that voters had with the General Election last year, but there has been no rush to adopt these very effective technologies.

Lest I leave you with the impression that technology is the "magic bullet" for our election frustration, I need to point out that there are significant opportunities to improve our overall performance. Technology, without effective and comprehensive on-going training and education would be a waste of money. Many of the problems that we experience

Nationwide in an election cycle are related to proper education of the voters, training for election staffs at the local government level and precinct workers that perform their duties to the best of their abilities, but who do not get all the training and support they need. Human error, confusion and mistakes cause far more problems in the election process than the machines or the software systems that drive them. Again, funding these ongoing training activities is a significant problem, as it is in modernizing our election systems.

Since the November election there have been many nationwide calls to overhaul our electoral processes. There seems to be a national consensus that something needs to be done, but yet little has occurred. With the exception of the recent Florida action to replace all their punch card systems for the 2002 Congressional Mid-Term Election cycle, there has been little enacted legislation at the State or Federal level. Despite the rhetoric that there might be Federal or State funding to help local jurisdiction, there has been no definitive action. The predictable result has been to defer the decision making process at the local jurisdiction level, until a definitive answer to what type of funding might be available, when it might be available and what qualifications do we have to meet. One of the questions that the Committee asked is the voting machine industry capable of replacing outdated machines by the 2002 election or the 2004 election. The question has some definitional dimension to it, but the answer I would give you today is "No" and "No". Time is our enemy and currently we are wasting a tremendous amount of time in dialog and too little implementing. Many local jurisdictions are waiting to see the answers to these questions before committing and the result is a compression of time to implement changes for 2002 and 2004.

To change out all of the punch card systems, if that is the objective, is a huge task. Our market statistics indicate that there are 599 Counties with a total of 55,832 precincts and 40,968,613 registered voters utilizing punch card systems currently. If all of them were to convert to precinct base optical scanning systems it would require 55,832 precinct counters to be produced or if they were all to be converted to touch screen DRE's it would require approximately 275,000 units. To put these numbers in perspective, in the industries best years of sales we might see 10,000 precinct counters sold and DRE's would not be much more. If you were to extrapolate those numbers out it would take 6+ years at best, if we used historical industry sales rates for optical scan and 27+ years for DRE's. That is history however, there is no question in my mind that manufacturing capacity could be easily scaled up to dramatically lower them time to get equipment. But we run into another capacity constraint that is not so easily solved, that is the ability to properly implement the new technologies.

The implementation of these newer technologies is people resource dependent. Each of the manufacturers has some full time trained staff to aid the local jurisdictions in the implementation phase of an upgrade and even work alongside county official through the first several elections, but not on the scale we are talking about. To do this job well requires people resources that possess a knowledge of elections and processes particular to each State and its laws. The conversions of the old systems and software to newer technologies, training of County staff, voter education processes, poll worker training is a

human resource intensive process and one that has to be done well or you will end up no better off than you were before you started the process. Finding those resources, with a good background in elections, is not an easy task and will be the largest hurdle for the industry to successfully address. How this would impact the time to convert the existing punch card users is almost impossible to quantify, but as I indicated earlier we could make the machines we don't know how to create adequately trained people.

The current hardware and software certification process is a vast improvement on how the industry tried to regulate itself before 1994. The NASED (National Association of State Election Directors) program of third party, independent certification laboratories, using the FEC guidelines is working well as far as it goes. This is now a prerequisite in most States, before you can get State certification. I believe that there needs to be additional resources added to speed the process, which can take several months, and I also believe there needs to be more downstream enforcement of product versions that were certified by NASED. Funding from the Federal level, which virtually none exists today, would help in this area. States have not been able to fund much of anything in this effort and the manufacturers already pay handsomely to run the tests, any help from the Federal level would be a real shot in the arm for this much needed program.

There was also a question of how could the cost of election equipment be reduced. I can assure Congress, if we get to the volume levels that were indicated earlier in my testimony, costs will come down significantly. Costs are already falling as we begin to commit to our suppliers for larger volumes of components and scaling up our manufacturing operations is having a beneficial effect.

There were also some questions relating to what federal actions could help facilitate technological improvements in the voting process. You already have had one underway for over 1-½ years in the FEC. They are currently drafting the new FEC guidelines for automation of the electoral process; these are updating the ones currently used by NASED for the national certification process. It is my understanding is that they will be issued by the end of August of this year after suitable public hearing on their recommendations.

The last area you asked us to address is how can Congress best position itself to work with state and local officials as they contemplate their agenda for election reform? The answer is MONEY. Money not only for election system upgrades, but also directed at training and education. Our suggestion is some form a grant program that provides some matching funds to States and local jurisdictions that is simple and easy to administer. Many members of Congress have introduced bills, including Congressman Hoyer and others, which we believe reflect concerns with the current systems used to automate elections. As an example the Hoyer Bill that simply gives each jurisdiction \$6,000 per precinct to replace their punch card systems would allow most to change to a precinct based optical scanning solution with little funding required locally, or if applied to touch screen DRE's would provide 20 to 40% of the required funds. Any grants should also allow the use of these funds for education and training purposes as well as equipment purchases. The funds should require accountability, but should not contain burdensome

mandates or unwieldy strings attached. Remember "time is our enemy", anything that could potentially hinder the upgrade process will slow the upgrading progress. Another consideration we would recommend is do not penalize those jurisdictions that aggressively have moved ahead and committed funds to start their upgrade process after the November 2000 election. They should not be excluded from the process just because they had the will to move forward in the absence of any matching funding being defined or available.

In conclusion, the election industry has developed the solutions to the election woes of 2000 and they have been available for years. Even newer technologies and solutions have been developed that will provide every voter the opportunity to get their candidate and issue choices as they intended them to be in a manner that is not intrusive or challenging. The issue for all of us involved in the electoral process, vendors, public officials, election staff and workers has been the political will to address problem and funding to make it happen. Federal incentives to address these much needed election reforms can and will be the spark that will bring all of us a more credible election process. Thank you for holding this much need dialog and hopefully, for doing something about Election Reform.